

IMPROVE CREDITWORTHINESS

A HANDBOOK WITH 12 TIPS



12 tips for better creditworthiness

1. Review the status of your current credit score.

Make sure that a current credit report on you has up-to-date and accurate information. You can actually do a credit report on yourself. E.g. Bisnode has a service at minupplysning.se and UC one at minuc.se. If any information is not correct, you have the opportunity to contact customer service at the credit reporting companies and ask them to correct the information.

2. Terminate credits you are not using.

Many times you have an old credit card or other account credit that you do not really use, or may no longer need to use. In worst case, you might not even know you have it. It is often easy to snag an offer at the airport, the fair or the department store to become a member, get a discount and a credit limit at the store or the service in question. Although it does not cost you any money as long as the credit is not used, you have a credit registered that appears in credit information and lowers your credit score. Note that it is not enough to just cut the credit card into pieces. You must also contact the lender and make a termination.

3. **Do not make too many credit applications in a short time.**

In particular, if creditworthiness is tested at UC, you should avoid making applications for loans and credits too often. The number of requests to UC is a factor that affects the credit rating even if you have not accepted any credit offer. The more inquiries you have made, the more negative impact it will have on your credit score. Credit report inquiries is visible for 1 year.

4. **Shop with cards instead of invoice or part payments.**

If you have no reason to choose part payment or purchase on invoice when you buy goods on the internet or in store, it is better to make the purchase with a debit- or credit card. Then you avoid any credit report inquiries being made on you.

5. **Pay on time.**

Make sure to pay invoices on time. If you do not pay invoices according to the due date, you risk getting a payment note. A payment note is something that flashes red at the lender and, for them, poses an increased risk and thus gives you a lower credit score. Before you receive a payment note, you first get a claim from the debt collection and then a payment order from the "Crown Prosecutor's Office" (Kronofogdemyndigheten). Here you have two more chances to pay off your debt. However, keep in mind that extra fees and additional interest on the debt are added.

6. **Pay off existing loans.**

The fact that you have borrowed money is usually visible on a credit report. If you have large loan debts in relation to your income, it may be wise to try to pay off the credits you already have.

7. **Collect existing loans into one loan.**

It is not always possible to pay off the loans you have according to the previous tip. When you are in need of improving your credit score, you are often in the situation that you need to borrow additional money.

If you already have several smaller loans taken out, an alternative, which is especially good at that time, is that you collect your loans into a larger loan. By doing so you can many times improve their conditions and, for example, get a better interest rate. It also reduces your practical work with several interest and amortization payments.

8. **Try to have a stable life situation.**

Something you often don't think about is that lenders don't just look at what your finances look like. Even though it is of less value, they also look at what your life situation looks like. Some credit-enhancing values here are e.g. to stay at the same address for a long time and not change jobs too often.

9. **Be careful about what you do on social media.**

There are credit scoring companies that use social media data to provide a complementary picture to the credit rating. These can collect information from, for example, Facebook, Instagram, databases for training apps etc. It is unclear to what extent this is used in Sweden, but to be on the safe side it is good to think about before posting pictures and writing texts on social media. If you think you are a lender yourself you may not be so keen on lending money to a person who writes on social media that it is out and partying several times a week.

10. **Change bank.**

If you have mortgages or other loans, you can make cost savings by switching banks to one that can give you better conditions.

11. **Request for a smaller credit report.**

Credit reporting companies often have different variants of credit reporting with different content. If you apply to UC, information about the request is stored for personal data, but not for micro information. Ask the person who will take credit information on you if a micro report is enough instead of a full report. A micro report contains information about income, payment notes and debt balance at Kronofogden etc. which in many cases should be enough. You can defend that by not wanting your credit score to be adversely affected, as it does when previous inquiries are seen in history. Maybe you should apply for a mortgage or similar in the future.

12.Count to 10 (or 6).

Try to avoid loans and borrow only if you really need to. Then try to avoid the direct and simple form of a loan, which is often to buy things on installment. Breathe and ask yourself the following questions in turn before making a decision. As soon as you answer yes, you jump out of your question and do the thing in question:

1. Can I ignore buying this?
2. Can I save money instead of buying now?
3. Do I have someone in the family or a friend I can borrow money from?
4. Do I have room to extend my mortgage to buy this?
5. Can I borrow money without collateral by comparing lenders on Kreditkoll?
6. Does the store I shop in any kind of installment?

At kreditkoll.nu you can compare costs on different types of loans, from corporate loans and mortgages to consumer loans such as private loans, quick loans, account credits and credit cards. We also want to encourage and give tips for a better economy and creditworthiness. Here you can, for example, get information about what affects your credit score and which lenders you can turn to without lowering your credit score.

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